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Date: 5/23/03 11:38AM
Subject: A Message From Mr. Kimishima: Fiscal Year 2003 Results

A Message From Mr. Kimishima: Fiscal Year 2003 Results
[T. Kimishima - 5/23/03]

On Thursday in Japan, our parent company released its fiscal year-end financial statement to shareholders. Although the results were lower than previous years, the news did not come as a surprise to anyone. On the contrary, the results were in line with the revised earnings projections issued by NCL in early April of this year. Even so, we can safely assume the news will still generate a variety of industry chatter, both good and bad about Nintendo. With that in mind, I would like to provide a brief overview of our financial statement to you.

Financial Highlights:

Net Sales	FY2002: \$4.7 BLN	FY2003: \$4.3 BLN (-9.1%)
Net Income (Profit)	FY2002: \$902 MLN	FY2003: \$573 MLN (-36.7%)

Hardware Sales:

Nintendo Gamecube	FY2002: \$3.8 MLN	FY2003: \$5.8 MLN (+2 MLN)
Game Boy Advance	FY2002: \$17 MLN	FY2003: \$15.7MLN (-1.3 MLN)

Software Sales:

Nintendo Gamecube	FY2002: \$14.4 MLN	FY2003: \$46.1 MLN(+31.7MLN)
Game Boy Advance	FY2002: \$47.1 MLN	FY2003: \$59.1MLN (+12 MLN)

So what does all of this mean? In short, it means we made more than a half billion dollars in profit last year--something about which our competitors cannot boast. In fact, most analysts don't expect Microsoft, which lost nearly \$250 million on Xbox in the first half of the fiscal year, to turn a profit on its video game foray until at least 2005.

We are very fortunate to be in our position, but make no mistake, our focus is to move forward, not backwards. At this time, momentum is on our side. **In March, Nintendo dominated with an astonishing 58% of total system sales (GCN & GBA included), while Sony moved backwards, capturing only 31% of total system sales and Microsoft sat idle with a mere 11%.** To date, three of the top four best selling titles through March are Nintendo titles with The Legend of Zelda: The Wind Waker leading the way. And more importantly, Nintendo continues to gain corporate market share. **Since December, Nintendo climbed 12% by taking 3% from Microsoft and 9% from Sony.** The positive momentum is encouraging and upcoming promotions, such as our Game Boy Player bundle package, will certainly help Nintendo maintain our momentum.